

Service Date: April 16, 1996

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

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| IN THE MATTER of the Application of) | |
| MONTANA-DAKOTA UTILITIES) | UTILITY DIVISION |
| COMPANY a Division of MDU Resources) | |
| Group Inc., for Authority to Implement the) | DOCKET NO. D96.4.52 |
| Gas Cost Tracking Procedure to Establish) | |
| Decreased Rates for Gas Service.) | INTERIM ORDER NO. 5909 |

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INTERIM ORDER

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FINDINGS OF FACT

1. On April 1, 1996, Montana-Dakota Utilities Company (Company or MDU) filed with the Montana Public Service Commission (PSC or Commission) its biannual application to implement the Gas Cost Tracking Procedure as set forth in MDU tariff sheets 87 and 88. The filing was given Docket No. D96.4.52. The Company requested the Commission issue a Final Order allowing the adjustment to be implemented effective May 1, 1996.

2. The tracking procedure provides for adjusted rates on the basis of a Current Gas Cost Tracking Adjustment and an Unreflected Gas Cost Tracking Adjustment amortized over a projected sales period. In its application, MDU discusses the various WBIP filings before the Federal Energy Regulatory Commission (FERC) that have occurred since the PSC last authorized a gas cost tracking adjustment for MDU. Exhibit 7 of the application indicates that the net effect of the FERC authorized WBIP tariff changes represent a decreased gas cost to MDU.

3. MDU in its application provides direct purchase gas contract pricing changes that have occurred since the Commission last authorized a gas cost tracking adjustment. Exhibits in the filing summarize the price changes and indicate that these costs have decreased.

4. Including the amortization of the Unreflected Gas Cost Account, the net effect of FERC authorized WBIP rate changes and the effects of third party supply contract negotiations, the filing supports a decrease of \$.448/dk for residential and general service customers and a

decrease of \$.135/dk for large interruptible customers. These changes would result in approximately \$1.125, million decrease in revenues over the rate effective period. The proposed decreases are calculated in the following table:

| | <u>Residential and Commercial</u> | <u>Industrial Customers</u> |
|--|---------------------------------------|---------------------------------|
| Prior Cumulative Gas Cost Adjust. | (\$0.509) | (\$1.811) |
| Current Gas Cost Adjustment | <u>(0.063)</u> | <u>(0.135)</u> |
| Cumulative Gas Cost Adjustment | (\$0.572) | (\$1.946) |
| Special Unreflected Adjustment | (\$0.235) | \$0.000 |
| Current Unreflected Adjustment | <u>(0.520)</u> | <u>0.000</u> |
| Total Tracking Adjustment | (\$1.327) | (\$1.946) |
| Less: Total Tracking Adjustment - Current | <u>(\$0.879)</u> | <u>(\$1.811)</u> |
| Net Increase (Decrease) in Current Rates | (\$0.448) | (\$0.135) |
| | ===== | ===== |

5. In granting this interim approval, the Commission stresses that the calculations and methodologies approved in this Interim Order will be closely scrutinized and, depending on the record in this proceeding, may be modified or disallowed in the Final Order.

6. MDU requests that this filing be accepted as being in full compliance with the filing requirements of the Commission. The Commission finds MDU's application to be a complete filing for interim purposes and defers its decision until the Final Order in this proceeding concerning MDU's request for a blanket waiver of the Commission's rules, regulations, etc.

7. The issuance of this Interim Order should in no way be interpreted to mean that any issue in this case has been decided before all the evidence has been presented and heard during the course of proceedings.

CONCLUSIONS OF LAW

1. Applicant, Montana-Dakota Utilities Company, provides natural gas service within the State of Montana and as such is a "public utility" within the meaning of Section 69-3-101, MCA.

2. The Montana Public Service Commission properly exercises jurisdiction over the Applicant's Montana rates and operations pursuant to Title 69, Chapter 3, MCA.

3. Section 69-3-304, MCA, provides, in part, that the Commission may, in its discretion, temporarily approve rate changes pending a hearing or final decision.

4. The rate levels and spread approved herein are a reasonable means of providing interim relief to MDU. The rebate provisions of Section 69-3-304, MCA, protect ratepayers in the event that any revenue changes authorized by this Interim Order are found to be unjustified in the Final Order in this Docket.

ORDER

THEREFORE THE MONTANA PUBLIC SERVICE COMMISSION ORDERS THAT:

1. Applicant, Montana-Dakota Utilities Company, is hereby granted authority to implement decreased rates as provided herein, effective May 1, 1996.

2. Interim approval of any matters in this proceeding should not be viewed as final endorsement by the Commission of any issues, calculations, or methodologies approved in this Interim Order.

3. The Commission accepts, for interim purposes, MDU's request that this is a complete filing and is in full compliance with the filing requirements of the Commission, and the Commission reserves final ruling on this request until a Final Order is issued.

DONE IN OPEN SESSION at Helena, Montana, this 11th day of April , 1996, by a vote of 4 to 0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

NANCY McCaffree, Chair

DAVE FISHER, Vice Chair

BOB ANDERSON, Commissioner

DANNY OBERG, Commissioner

ATTEST:

Kathlene M. Anderson
Commission Secretary

(SEAL)

NOTE: Any interested party may request that the Commission reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.